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5 August 1959

Director of Defense Auditing
General Accounting Office
Washington 25, D. C.

Attention: Mr. [REDACTED]

Gentlemen:

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NO CHANGE IN CLASS. []
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CLASS CHANGED TO: TS S C
NEXT REVIEW DATE: _____
AUTH: HR 70-2
DATE: 12/11/91 REVIEWER: 037169

In response to the oral questions raised by you after receipt of my letter dated 30 July 1959, concerning the Ramo-Wooldridge Corporation, the following is furnished:

a. Ramo-Wooldridge at the time of negotiation of our first contract had only 5 employees on duty in the Communications Division, but this did not pose a problem as there was a feasibility study and

b. The USAF representative at the meeting on 5 January 1955 was Colonel O. J. Ritland, selected by the USAF to be available to this high priority assignment at all times and to assist with the many problems expected. [REDACTED] and the Assistant Secretary for Research and Development were two others in the USAF who were knowledgeable of the assignment from the beginning.

c. The letter contract for the special project was executed on 12 January 1955 and was definitized 31 March 1955. We expect that Ramo-Wooldridge had somewhat less than the 425 employees on duty in the Communications Division at time of this award as they were expecting to have 425 personnel on duty by March 1955. We did not make other than an oral survey of Ramo-Wooldridge before this 12 January 1955 award as we had current information on the Company (an accounting systems survey report in June 1954, coupled with the negotiators facilities review). Further, the Special Activities Project was of the utmost urgency and indicated prompt action by all participants.

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d. The matter of fee is one of negotiation and as you have been orally advised the Agency Contracting personnel closely negotiate, usually after first determining the lowest fee, or profit, a company has accepted or experienced. The "Other Costs" in Exhibit "A" to letter dated 30 June 1959 from [redacted], could have been more appropriately headed "Other Direct Costs", which would contain for the most part Direct Material Costs, the pay of an outside consultant, some sub-contracts, some travel costs, etc. This other Direct Cost element in the amount [redacted] would have the same effect on the fee that any other element of cost would have (unless the fee was negotiated out of an element) since the fee is set on CPFF contracts at the beginning of a contract using as a basis the contractor's estimates as negotiated downward.

e. As a rule we should not expect either Dr. Rano or Dr. Wooldridge to devote a majority of time on Agency tasks, but we do expect results when any firm enters into a contractual arrangement with the Agency, as an agent for the United States Government. Accordingly, if either or both of these Officials of Rano-Wooldridge were needed to successfully fulfill our agreement we feel their best efforts should be extended. The Board of Directors of Rano-Wooldridge placed [redacted] in charge of their Communications Division and with this knowledge we looked to him to guide the endeavors, but to the Rano-Wooldridge Corporation for complete contractual satisfaction. We did not have any understanding that either of the Officials mentioned herein would devote a specific amount of their time to our tasks.

Sincerely,

15/
L. K. WHITE
Deputy Director

CONCUR:

(sgd) Richard M. Bissell, Jr.

RICHARD M. BISSELL, JR.
Deputy Director (Plans)

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